

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
March 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/28/09

Audits of Financial Statements

March 31, 2008

and

March 31, 2007

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 7
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8 - 9
Schedule of Findings	10
Schedule of Prior Audit Findings	11



To the Board of Directors
Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.
Horsemen's Bookkeeper Account

Independent Auditor's Report

We have audited the accompanying statements of financial position of the **Horsemen's Bookkeeper Account (Horsemen's Bookkeeper)** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** (a non-profit organization) as of March 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the **Horsemen's Bookkeeper** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Horsemen's Bookkeeper Account** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** as of March 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2008, on our consideration of the **Horsemen's Bookkeeper Account** of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A Professional Accounting Corporation

October 31, 2008

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**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	March 31,	
	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ 16,115,378	\$ 16,736,048
Investments	<u>5,532,517</u>	<u>5,386,541</u>
 Total Assets	 <u>\$ 21,647,895</u>	 <u>\$ 22,122,589</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Due to Horsemen	<u>\$ 21,647,895</u>	<u>\$ 22,122,589</u>
 NET ASSETS	 <u>-</u>	 <u>-</u>
 Total Liabilities and Net Assets	 <u>\$ 21,647,895</u>	 <u>\$ 22,122,589</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF ACTIVITIES**

	For the Years Ended March 31,	
	2008	2007
REVENUES		
Purses	\$ 97,959,338	\$ 87,870,187
Owner/Trainer Deposits	12,530,348	15,133,024
Interest Income	818,426	825,564
Jockey Payroll Administrative Income	7,533	8,976
Miscellaneous Income	28,602	1,625
Horsemen's Alliance (PAC)	41,228	39,855
Louisiana Breeders Video Poker	5,001,724	3,757,014
Total Revenues	116,387,199	107,636,245
EXPENSES		
Program Services		
Owner/Trainer Distributions	105,321,202	97,222,639
Jockey Payroll / Jockey Guild	8,635,130	8,489,420
2% Commissions - LTBA/LQHBA Breeder Awards	1,121,697	812,525
LHBPA - Interest Transfer to 1993, Inc.	818,426	825,564
LHBPA - Pony Lead Fees - Horsemen's Pension Trust	413,381	235,641
LHBPA - Jockey Payroll Administrative Fee - 1993, Inc.	7,533	8,976
Horsemen's Alliance (PAC)	41,228	39,855
Bank Charges	28,602	1,625
Total Expenses	116,387,199	107,636,245
CHANGES IN NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	-	-
NET ASSETS, END OF YEAR	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF CASH FLOWS

	For the Years Ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities (Decrease) Increase in Due to Horsemen	(474,694)	8,971,962
Net Cash (Used in) Provided by Operating Activities	(474,694)	8,971,962
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,208,976)	(1,310,660)
Proceeds from Sale of Investments	1,063,000	1,308,000
Net Cash Used in Investing Activities	(145,976)	(2,660)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(620,670)	8,969,302
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,736,048	7,766,746
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 16,115,378</u>	<u>\$ 16,736,048</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** is a non-profit organization which has been recognized as an authorized representative that shall represent member and other horsemen racing at licensed race meetings held in the State of Louisiana for the purpose of, but not limited to, negotiating contracts for such horsemen with all racing associations licensed by the State of Louisiana, relative to purses, hospitalization, medical benefits, conditions, and all other matters of interest and concern to such horsemen.

At each race meeting conducted in the State of Louisiana pursuant to the provisions of the Louisiana State Racing Commission, there shall be a bookkeeper for the collection, disbursement, and investment of monies belonging to horsemen licensed at such a race meeting that shall be known as the **Horsemen's Bookkeeper**. The **Horsemen's Bookkeeper** shall be bonded, selected, and employed by the authorized representative of horsemen racing in the State of Louisiana, the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

Each association conducting a race meeting shall provide a separate office for the **Horsemen's Bookkeeper** who shall collectively keep a separate bank account for the horsemen's monies to be known as the "**Horsemen's Bookkeeper Account**".

At all times the **Horsemen's Bookkeeper Account** shall have on deposit funds sufficient to cover all monies due horsemen with regard to daily purses, jockey fees, stakes, handicaps, rewards, claims, deposits, monies, if any, for horsemen's medical and hospital benefit programs, and any pony lead fees.

Except for interest earned on the investment of monies in the **Horsemen's Bookkeeper Account**, and that portion of a pony lead fee as authorized and assessed by the representative of horsemen in the state to provide retirement benefits to horsemen and to pay its administrative and operating costs, withdrawals from the account shall be only for those purposes provided in the above paragraph.

The interest earned on the investment of monies in the **Horsemen's Bookkeeper Account** and that portion of a pony lead fee as provided for above shall be collected by the **Horsemen's Bookkeeper** and paid, in due course, to the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

After first paying the expenses and other charges necessary to operate the offices of the **Horsemen's Bookkeeper**, the interest earned on the investment of monies in the **Horsemen's Bookkeeper Account** by the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** shall be used by it for the benefit of horsemen racing in the state.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ORGANIZATION AND OPERATIONS (Continued)

The account shall at all times be subject to audit by the legislative auditor or by a certified public accountant approved by the legislative auditor, the expenses of such audit to be paid by the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the **Horsemen's Bookkeeper** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Due to the nature of the **Horsemen's Bookkeeper** operations, net assets are always expected to be non-existent, therefore, a balance of zero.

CASH EQUIVALENTS

For reporting purposes, the **Horsemen's Bookkeeper Account** considers all highly liquid debt instruments with maturity of three months or less to be considered cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B

2% COMMISSIONS - LTBA/LQHBA BREEDER AWARDS

As prescribed by state law, each licensee conducting race meetings, for which supplements for purses are provided, shall withhold two percent of the total supplemental purses. These funds are forwarded, by the licensee, to the **Horsemen's Bookkeeper**, who in turn disburses these exact funds to the Horsemen's Bookkeeper Account of the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC. (LTBA)** and the Louisiana Quarter Horse Breeders Association (LQHBA).

NOTE C

CONCENTRATION OF CREDIT RISK

At March 31, 2008 and 2007, the **Bookkeeper** had funds deposited in financial institutions in excess of the \$100,000 FDIC guaranteed limits.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE D

INVESTMENTS

In accordance with Statement of Financial Accounting (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the Bookkeeper reports investments in equity securities with readily determinable fair values, at fair market value.

Investments consist of the following:

	<u>2008</u>	<u>2007</u>
Certificates of Deposit	\$ 4,645,019	\$ 4,670,164
Government Securities	887,498	716,377
Total	<u>\$ 5,532,517</u>	<u>\$ 5,386,541</u>

Certificates of Deposit include cash for re-investment of \$100,909 and \$155,371 at March 31, 2008 and 2007.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors

**Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.
Horsemen's Bookkeeper Account**

We have audited the financial statements of the **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** (a non-profit organization) as of and for the years ended March 31, 2008 and 2007, and have issued our report thereon dated October 31, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.'s** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **BOOKKEEPER's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **BOOKKEEPER's** internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. This finding is listed as 2008-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.


Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2008-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.'s** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2008-01 and 2008-02.

Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the **BOOKKEEPER's** response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Legislative Auditor of the State of Louisiana, the **Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.'s** management and Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

October 31, 2008

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
SCHEDULE OF FINDINGS
For the Year Ended March 31,2008**

FINDINGS - FINANCIAL STATEMENTS AUDIT

FINDINGS - FINANCIAL REPORTING

2008-01 Non-compliance issue and failure to comply with state law

Condition: Failure to maintain a complete general ledger.

Recommendation: A complete accounting system needs to be in place to clearly reflect the financial position of this entity. This system should (1) have the ability to produce financial statements that comply with accounting principles generally accepted in the United States; (2) provide an accurate reflection of the fiscal condition and results of operations as a basis for fiscal decisions; (3) be designed so that required financial reports should be easily extractable from the system; and, (4) should be capable of being audited in a simple manner.

Current Status: Management has not identified the appropriate general ledger package that would integrate its electronic information that would allow for compliance with the four factors mentioned above.

Management's Response: The LAHBPA agrees that a general ledger needs to be developed that summarizes the financial transactions of the Horsemen's Bookkeeper Account. The LAHBPA will need assistance from an accounting firm to develop such a financial reporting system.

2008-02 Non-compliance issue and failure to comply with state law

Condition: Failure to timely file audit report as required by Louisiana Revised Statute 24:513 and 24:514.

Recommendation: The audit report should be filed timely as required by state law.

Current Status: This non-compliance issue was due to the amount of time required to assist with the Louisiana Department of Insurance audit of a related entity and not a reflection of the entity.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended March 31,2007**

FINDINGS - FINANCIAL REPORTING

07 - 1 Non-compliance issue and failure to comply with state law

Condition: Failure to maintain a complete general ledger

Recommendation: A complete accounting system needs to be in place to clearly reflect the financial position of this entity.

Current Status: Management has not identified the appropriate general ledger package that would integrate its electronic information that would allow for compliance with the four factors mentioned in 08-1, above.